

Message Text

LIMITED OFFICIAL USE

PAGE 01 LIBREV 01131 141058Z

16-11

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 EB-11 SCEM-02 SCI-06 INT-08

DOT-00 AID-20 OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 ACDA-19 IO-14 DRC-01 XMB-07

OPIC-12 /222 W

----- 130990

R 140700Z DEC 73

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC 5080

USDOC WASHDC

INFO AMEMBASSY ABIDJAN

AMEMBASSY PARIS

AMEMBASSY YAOUNDE

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE LIBREVILLE 1131

E.O. 11652: N/A

TAGS: ETRN, BEXP, EFIN, ENRG, GB

SUBJ: FINANCING FOR TRANSGABON RAILROAD

COMMERCE FOR STEPEN CONGER

REF: LIBREVILLE A-109 OF DECEMBER 8, 1973 (NOTAL)

1. SUMMARY. GABON'S RAPIDLY INCREASING OIL PRODUCTION AND REVENUES, PROJECTED ADDITIONAL INCOME FROM TIMBER, AND WELL-CONCEIVED FY 1974 BUDGET ARE LEADING FACTORS IN JUDGMENT THAT GOG CAPABLE OF SUSTAINING CURRENT TOTAL DEBT OF APPROXIMATELY DOLS 300,000,000. GABON TAKES HEALTHY VIEW THAT ONE MUST SPEND MONEY TO MAKE MONEY. TO NOW FINANCIAL MANAGEMENT SEEMS APPROPRIATE FOR CONTINUING FISCAL VIABILITY AND GABON'S EARNING RECORD AND
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LIBREV 01131 141058Z

PROSPECTS SUPPORT VIEW THAT COUNTRY HAS ABILITY TO

REPAY CREDITS EXTENDED. END SUMMARY.

2. EMBASSY BELIEVES IT USEFUL TO TRANSMIT FOR BENEFIT OF VARIOUS WASHINGTON AGENCIES AND PROSPECTIVE INVESTORS/ CONTRACTORS AVAILABLE DATA ON GOG DEBT, OIL PRODUCTION, AND 1974 BUDGET AND REVENUE PROJECTIONS TO ASSIST IN EVALUATING ABILITY OF GOG TO SAFELY SERVICE ITS EXTERNAL DEBT.

3. GOVERNMENT DEBT: BEST ESTIMATE OF TOTAL CURRENT GOG GUARANTEED DEBT IS DOLS 300 MILLION. LOCAL AND AMERICAN BANKERS (BANKERS TRUST AND COMMERCE UNION BANK FOR EXAMPLE) BELIEVE THIS DEBT LEVEL EASILY SUSTAINABLE WITH GABON'S HIGH AND INCREASING EXPORT EARNINGS, ESPECIALLY FROM PETROLEUM. 1973 TRADE BALANCE WAS HEALTHY DOLS 67.5 MILLION.

4. OIL PRODUCTION: 1973 CRUDE OIL PRODUCTION WILL REACH ESTIMATED 141,000 BARRELS/DAY (B/D) (7,120,000 METRIC TONS). CONSERVATIVE ESTIMATES PLACE 1975 OIL PRODUCTION AT 200,000 B/D (10,000,000 TONS). INDUSTRY SOURCES BELIEVE PRODUCTION COULD REACH 275,000B/D END OF 1974.

5. GOG REVENUES: AS WELL AS INCREASING PRODUCTION GOG WILL BENEFIT FROM ESCALATION IN WORLD PRICES OF CRUDE. MINISTRY OF FINANCE STATES WITH OCTOBER 20 GABON CRUDE PRICE INCREASE TOTAL RECEIPTS TO GOG PER ONE MILLION TONS OF CRUDE WILL BE ON ORDER OF 1.6 BILLION FRANCS (DOLS 7.1 MILLION). THIS REPRESENTS A 60 PERCENT REPEAT 60 PERCENT INCREASE IN GOG REVENUES FROM OIL COMPARED TO PRE-OCTOBER 20 INCOME. THIS REVENUE FIGURE CAN BE EXPECTED TO RISE AS GABON OIL PRICES FOLLOW WORLDWIDE TRENDS UPWARD.

6. GOG BUDGET: ONLY PRELIMINARY FIGURES AVAILABLE FY 1974 BUDGET. TOTAL BUDGET IS 47.8 BILLION CFA (DOLS 222 MILLION). THIS REPRESENTS AN INCREASE OF DOLS 51 MILLION OVER FY 1973 BUDGET. IN 1974 BUDGET TOTAL GOVERNMENT RECEIPTS ARE SCHEDULED TO INCREASE BY DOLS 38.2 MILLION, A FIGURE FAR TOO CONSERVATIVE. TOTAL BUDGET ALLOCATES INCREASED PROPORTION OF FUNDS FOR DEVELOPMENT PROJECTS. FY 1974 LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LIBREV 01131 141058Z

BUDGET ALLOCATES 56 PERCENT FOR ORDINARY EXPENSES (COMPARED TO 63 PERCENT IN FY 1973) AND 44 PERCENT FOR DEVELOPMENT OUTLAYS (COMPARED) TO 37 PERCENT IN FY 1973).

7. RAILROAD REVENUES: A PROPER EVALUATION OF GOG DEBT SERVICING ABILITY SHOULD PLUG IN EXPECTED RAILROAD REVENUES FROM ADDITIONAL TIMBER TO BE TRANSPORTED. RAILROAD OFFICE (OCTRA) CASH FLOW CHART SUBMITTED TO FED AND STUDIED BY

AT LEAST ONE AMERICAN BANK BEFORE BANK SYNDICATED RECENT
LOAN SHOWS THAT IN 1979, FIRST YEAR OF FREIGHT CARRYING,
2.68 BILLION CFA OF ADDITIONAL REVENUE WILL BE GENERATED;
IN 1980 - 2.93 BILLION; IN 1981 - 3.35 BILLION; IN 1982 -
3.765 BILLION. THIS IS AN AVERAGE PROGRAMED PERCENTAGE
INCREASE OF 11 PERCENT PLUS FOR THE FIRST THREE YEARS.

8. WITH RAPIDLY INCREASING OIL REVENUES, NEW REVENUE
PROJECTIONS FROM RAILROAD AFTER 1978 AND BUDGET EXHIBITING
SOUND PRINCIPLE OF INCREASING PROPORTIONS FOR DEVELOPMENT
WE BELIEVE GOG ON SOUND FINANCIAL BASE.

9. DECLASSIFY UPON RECEIPT.
MCKESSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION, ECONOMIC DEVELOPMENT, BUDGETS, RAILROADS, GOVERNMENT DEBTS, DEBT REPAYMENTS, GOVERNMENT REVENUES, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LIBREV01131
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LIBREVILLE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731225/aaaaasae.tel
Line Count: 129
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LIBREVILLE A-109 OF DECEMBER 8, 1973
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 09 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09-Jan-2002 by martinjw>; APPROVED <28-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINANCING FOR TRANSGABON RAILROAD COMMERCE FOR STEPHEN CONGER
TAGS: ETRN, BEXP, EFIN, ENRG, GB, TRANSGABON RAILROAD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005